

**August 1999**

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**HOMELESSNESS****Grant Applicants'  
Characteristics and  
Views on the  
Supportive Housing  
Program**

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**Resources, Community, and  
Economic Development Division**

B-281481

August 12, 1999

**Congressional Requesters**

Many homeless people in America have multiple personal, social, and economic problems that prevent them from obtaining permanent housing. Research has shown that housing alone is often not a solution to homelessness for many people. A comprehensive set of supportive services—such as substance abuse treatment, mental health treatment, child care services, and employment assistance—is also needed. The Department of Housing and Urban Development's (HUD) Supportive Housing Program was established in 1992 to address this need. Organizations such as state and local government agencies and nonprofit agencies can apply to HUD for Supportive Housing Program grants, which they can use to provide housing and certain kinds of supportive services to homeless people to help them live as self-sufficiently as possible. In 1997 and 1998, HUD awarded over \$620 million and \$724 million, respectively, in Supportive Housing Program grants to organizations that serve the homeless.<sup>1</sup>

Because many of the supportive services funded by the Supportive Housing Program mirror services provided by federal mainstream social service programs and could potentially be funded by them, there is some concern that this program may be taking scarce resources away from HUD's core mission of providing housing. As a result, you asked us to review the Supportive Housing Program. Specifically, you asked us to provide information on (1) the characteristics of Supportive Housing Program applicants, (2) the types of programs and services for homeless people that this program supports, (3) the importance of Supportive Housing Program grants to applicants' programs for the homeless, and (4) the various funding sources, in addition to Supportive Housing Program grants, that applicants rely on for their programs and services for homeless people. You also asked us to provide, to the extent possible, information on the percentage of veterans served by this program. This report is the third in a series of reviews you asked us to conduct on issues related to homelessness.<sup>2</sup>

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<sup>1</sup>These awards require applicants to provide HUD with additional information about their projects, such as documentation to show that the projects are financially feasible, before their grants can receive final approval and funding.

<sup>2</sup>Homelessness: Coordination and Evaluation of Programs Are Essential (GAO/RCED-99-49, Feb. 26, 1999); Homelessness: State and Local Efforts to Integrate and Evaluate Homeless Assistance Programs (GAO/RCED-99-178, June 29, 1999).

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To provide the information that you requested, we surveyed 1,174 applicants for Supportive Housing Program grants in 1997. We surveyed applicants that requested grants for previously funded projects (renewals) as well as new projects. Some of these applicants were awarded grants, while others were not. Our results can be generalized, with a sampling error of plus or minus 5 percent, to the entire group of applicants for funds in 1997; however, our results cannot be generalized to those agencies that did not submit applications that year. Furthermore, our results are based on the information reported by the applicants; we did not verify the accuracy of this information. Appendix I provides a more detailed description of our objectives, scope, and methodology.

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## Results in Brief

About 90 percent of the applicants for Supportive Housing Program grants in 1997 are nonprofit organizations. Almost 70 percent of the applicants have been in existence for between 10 and 50 years; however, most of the applicants have generally offered services to the homeless only during the last 20 years. About 64 percent of the applicants serve fewer than 500 homeless people each year, and the types of homeless people they most often serve include adults with dependent children, individuals with physical and mental disabilities, and persons with substance abuse problems.

The majority of the Supportive Housing Program grants support programs that provide transitional housing with supportive services or supportive services only. On the basis of applicants' responses, we estimate that about 59 percent of the requests for Supportive Housing Program grants in 1997 were for programs that provide transitional housing with supportive services and 30 percent were for programs that provide supportive services only. The remaining 11 percent were requests for programs that provide permanent housing for persons with disabilities and innovative supportive housing projects. The types of supportive services that applicants most often provide to homeless people include case management,<sup>3</sup> instruction in life skills such as budgeting and parenting, outreach, employment assistance, and transportation.

Supportive Housing Program grants provide a significant portion of the funding available for some applicants' homeless assistance programs, and applicants generally believe that these grants are an important source of funding for their programs. On the basis of applicants' responses, we

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<sup>3</sup>Case management involves assessing the needs of homeless individuals and linking them to appropriate housing and supportive services.

estimate that Supportive Housing Program grants represent about 45 percent of the resources that applicants receive from all sources to support their programs for the homeless. In 1997, the average grant requested by applicants was about \$450,000, and the average grant awarded was about \$440,000. The importance of the Supportive Housing Program is evident from the negative consequences that applicants often faced when they did not receive an award. For example, our survey results indicate that almost a third of the applicants had to reduce the programs and services they provided to the homeless or reduce the number of homeless people they served because they did not receive Supportive Housing Program grants. In addition, over 70 percent of the applicants that were denied Supportive Housing Program grants were unable to either expand existing programs or implement new programs to serve homeless people. Similarly, about 78 percent of these applicants were unable to obtain funding from other sources to replace the Supportive Housing Program funds they had applied for but not received. Finally, our survey results indicate a widespread belief among applicants that the Supportive Housing Program is an important and unique source of funding for homeless assistance programs and that receiving an award from the program confers legitimacy on the applicants' efforts.

In addition to Supportive Housing Program grants, applicants request and receive funds from a variety of other federal and nonfederal sources to support their homeless assistance programs. However, the majority of applicants requested and received funds for their homeless assistance programs from nonfederal rather than other federal sources. For example, on the basis of applicants' responses, we estimate that about 74 percent of the applicants requested funds from state and local governments, private donors, and foundations. In contrast, about 25 percent of the applicants requested funds from federal sources other than the Supportive Housing Program. This relatively low reliance on other federal sources is consistent with applicants' responses that a lack of knowledge about other federal programs was their main reason for not applying for other federal funds.

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## Background

Authorized by the Stewart B. McKinney Homeless Assistance Act, as amended, the Supportive Housing Program (SHP) is designed to promote the development of supportive housing and services that help people make the transition from being homeless to living as independently as possible. Program funds may be used to provide (1) supportive services only, such as substance abuse treatment, education, employment assistance, nutritional counseling, life skills training, and case management;

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(2) transitional housing with supportive services for a period of up to 24 months; (3) permanent housing with supportive services for persons with disabilities; and (4) innovative special projects that enable agencies to design supportive housing for homeless people that is not included in the other three categories.<sup>4</sup> Agencies that receive SHP grants may use the funds to acquire facilities; build, rehabilitate, or lease facilities; meet some of the day-to-day operating costs of their facilities; and pay for new or higher levels of supportive services for the homeless people they serve. Agencies that use SHP grants to acquire, rehabilitate, or construct facilities for homeless people were required to match these funds with equal amounts of funds from other sources, such as state and local governments or private contributors.

Funding for SHP is provided under HUD's "Continuum of Care" strategy. In 1993, HUD established this strategy to encourage and enable states and localities to develop a coordinated and comprehensive community-based approach for providing programs and services that homeless people need. The strategy, which is designed to build partnerships among states, localities, nonprofit organizations, and the federal government, encourages the development of long-term solutions for addressing homelessness. A locality's Continuum of Care planning effort brings together local housing stakeholders in order to (1) identify the size and scope of the local homelessness problem; (2) inventory the assets available in the community to alleviate homelessness; (3) rank the community's needs in order of priority; (4) strategically plan the range of services and programs that should be implemented to address homelessness, and (5) identify leveraging resources, including other federal, state, local, and private funds, for addressing concerns about homelessness in the locality. Agencies applying for SHP funds for their homeless assistance programs are generally required to submit requests to the local Continuum of Care development body, which reviews and ranks all requests on the basis of the needs and priorities established in the locality's Continuum of Care plan. Communities then submit their Continuum of Care plans along with agencies' applications for SHP funding to HUD.

In reviewing communities' Continuum of Care plans and agencies' SHP applications, HUD conducts two types of reviews. One review involves an

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<sup>4</sup>SHP funds may also be used to provide "safe havens" for hard-to-reach homeless persons who have severe mental illness, are on the streets, and have been unwilling to participate in supportive services. Safe havens are authorized under title IV, subpart D, of the McKinney Act; however, because the Congress has not funded them as a separate program, HUD has elected to provide funding for these efforts under SHP.

assessment of each community's Continuum of Care plan and need for housing and services for homeless people. The second review involves an assessment of each SHP application to ensure that the projects for which funds have been requested meet all of HUD's eligibility requirements and that the application is complete. Funding awards are based on a combination of scores for the community's Continuum of Care plan and each individual project. Those projects with the highest scores receive "conditional awards," after which awardees must provide additional technical information to HUD before they can obtain final approval and funding.

In 1997, HUD received 3,011 SHP applications.<sup>5</sup> Almost half of these applications were submitted by agencies in eight states; agencies in two states alone—California and New York—submitted over 20 percent of the applications. About 81 percent of all 1997 SHP applications requested funding for new projects, while about 20 percent requested funding for existing projects. HUD conditionally awarded over \$620 million in SHP grants in 1997 for about half of all the applications that it received. Appendix II provides additional information on the geographical distribution of SHP applications and of the awards HUD made for 1997.

## Most SHP Applicants Are Nonprofit Organizations That Serve a Wide Range of Homeless Clients

SHP applicants are generally nonprofit organizations that are involved in the development of their community's Continuum of Care plan. In addition, on the basis of applicants' responses, we estimate that almost 70 percent of SHP applicants have been in existence for between 10 and 50 years, and about half have been serving homeless people for between 10 and 20 years. The majority of the applicants serve fewer than 500 homeless people annually. However, many of the applicants serve a wide range of clients, including adults with dependent children, individuals with physical and mental disabilities, and individuals with substance abuse problems.

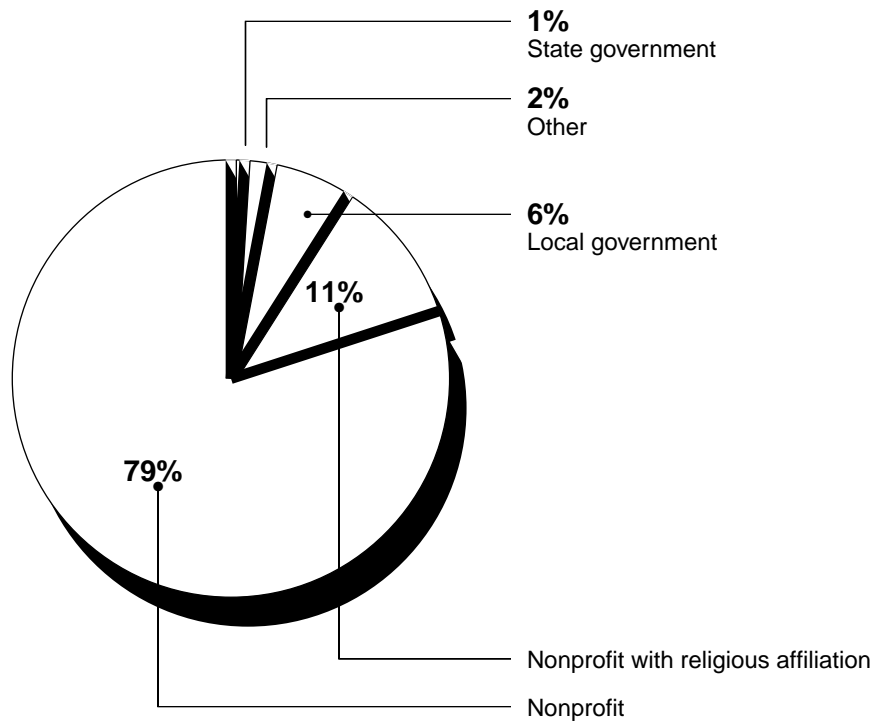
## Characteristics of SHP Applicants

According to our survey results, agencies that apply for SHP funds have the following characteristics:

- About 90 percent of SHP applicants are nonprofit organizations with or without a religious affiliation, as illustrated in figure 1.1. The remaining applicants are either state or local government agencies or other types of organizations, such as public housing authorities.

<sup>5</sup>For this study, we used information for 1997, because this was the latest year for which complete information was available at the time we conducted our survey. In 1998, HUD received 2,644 applications for SHP grants and awarded \$724 million, according to a HUD official.

**Figure 1.1: SHP Applicants, by Organizational Type**



Note: The percentages do not total 100 because of rounding.

- Almost 70 percent of SHP applicants have been in existence for between 10 and 50 years, and about 48 percent have served the homeless for between 10 and 20 years. As indicated in table 1.1, SHP applicants have generally been in existence for longer than they have served homeless people, and over a third of the applicants have been serving homeless people for 10 years or less.



**Table 1.1: Number of Years SHP Applicants Have Been in Existence and Have Served Homeless People**

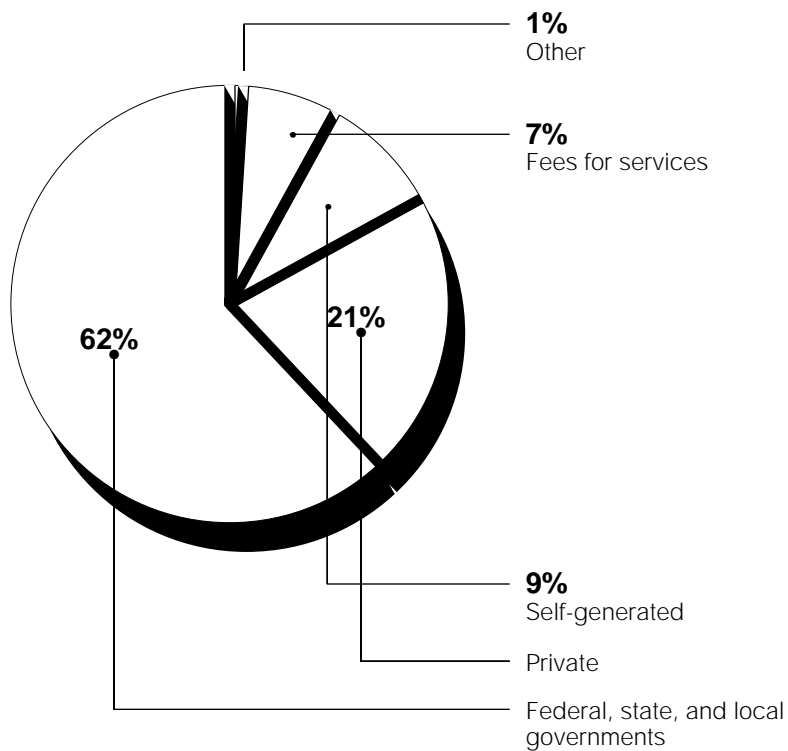
Range of years	Percentage of applicants that have been in existence for this length of time	Percentage of applicants that have served the homeless for this length of time
Under 10	17	36
10 to 20	32	48
21 to 50	36	13
51 to 100	10	2
Over 100	6	1

Note: The percentages may not total 100 because of rounding.

- The annual budgets of the nonprofit organizations in our survey ranged from \$2,500 to over \$414 million. About 25 percent of the organizations had an annual budget of \$616,000 or less, and about 25 percent had an annual budget of \$5.5 million or more. On the basis of applicants' responses, we estimate that the average annual budget of the nonprofit organizations that apply for SHP grants is about \$5.8 million. Similarly, the annual budgets of the state and local government agencies in our survey ranged from \$160,000 to about \$5 billion. About 25 percent of these agencies had an annual budget of \$3.1 million or less, and about 25 percent had an annual budget of \$67 million or more. We further estimate that the average annual budget was about \$925 million for the state government agencies that apply for SHP grants and about \$36 million for the local government agencies.
- Approximately 62 percent of the funding for an SHP applicant's average annual budget in 1997 was provided by public sources that include local, state, and federal governments. The remaining funds were provided by private sources, such as (1) donors and contributors, including individuals, corporations, and foundations such as the United Way; (2) self-generated income, such as sales, rents, and investments; (3) fees for services that agencies provide for federal programs such as Medicaid, Medicare, and Supplementary Security Income;<sup>6</sup> and (4) other sources. The composition of an SHP applicant's average annual budget is illustrated in figure 1.2.

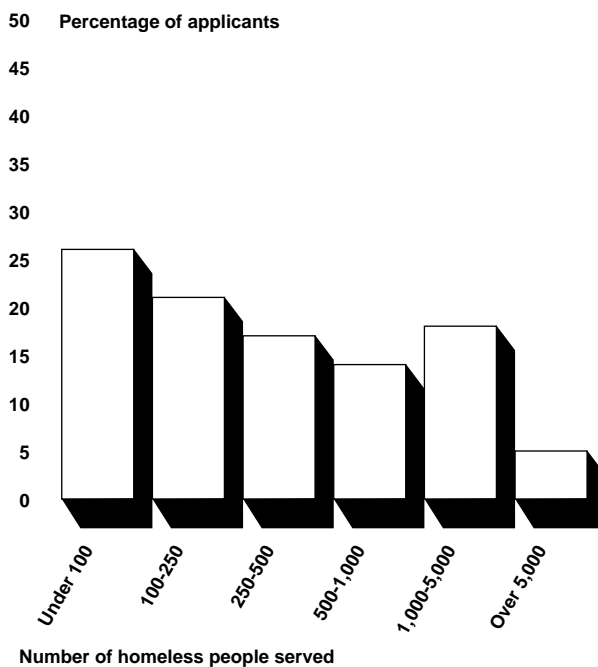
<sup>6</sup>Some of the fees for services that applicants receive may come from federal and state funding sources.

**Figure 1.2: Sources of Funding for an SHP Applicant's Average Annual Budget, 1997**



- About 69 percent of SHP applicants identified themselves as highly involved in the development of their local Continuum of Care plan, and another 26 percent identified themselves as somewhat involved.
- The majority of SHP applicants serve fewer than 500 homeless clients annually. As figure 1.3 illustrates, about 26 percent of SHP applicants serve fewer than 100 homeless people annually, while about 5 percent serve 5,000 or more homeless people annually.

**Figure 1.3: Number of Homeless People SHP Applicants Serve Annually**



Note: Percentages do not total 100 because of rounding.

## Characteristics of Clients Served

SHP applicants serve a variety of clients. For example, more than 80 percent of SHP applicants serve adults with dependent children, adults without children, and individuals with substance abuse problems; about 67 percent serve veterans; and about 38 percent serve unaccompanied or emancipated children and/or adolescents.<sup>7</sup> Table 1.2 shows the types of clients served by SHP applicants and the percentage of applicants that serve each type.

<sup>7</sup>Emancipated children/adolescents are those who have dissociated themselves from their parents or guardians and for whom no adult is willing to take responsibility.

**Table 1.2: Types of Clients and the Percentage of SHP Applicants That Serve Them**

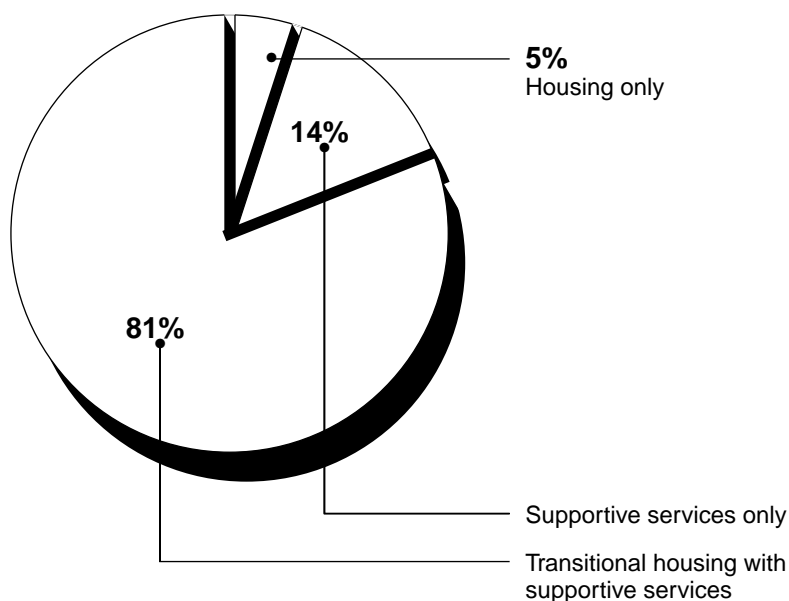
Type of clients	Percentage of SHP applicants that serve these clients
Adults with dependent children	84
Adults without children	83
Individuals with substance abuse problems	81
Individuals with physical or mental disabilities	75
Battered women	69
Pregnant women	69
Mentally ill individuals	69
Adults aged 60 and older	68
Individuals with HIV/AIDS	67
Individuals involved with the criminal justice system	67
Veterans	67
Unaccompanied or emancipated children and/or adolescents	38

With regard to veterans, from our analysis of applicants' responses, we estimate that almost 30 percent of SHP applicants could not tell us how many veterans they serve.<sup>8</sup> For SHP applicants that serve veterans, about 1 percent serve veterans exclusively, while about 53 percent serve a homeless population in which the proportion of veterans is 25 percent or less, and about 11 percent indicated that none of the homeless they serve are veterans.

Finally, SHP applicants generally believe that (1) most of the homeless people they serve need programs that provide supportive services in conjunction with housing and (2) a smaller number of homeless people need only housing with no supportive services. Figure 1.4 shows the types of housing and supportive service programs that SHP applicants believe homeless people most often need.

<sup>8</sup>We did not ask applicants whether they verify the veteran status of the homeless people they serve. This kind of verification would require proof of discharge or confirmation through an official military service database.

**Figure 1.4: Types of Housing and Supportive Services That SHP Applicants Believe Homeless People Need**



## Most SHP Funds Support Transitional Housing Programs and a Variety of Supportive Services

Although SHP applicants provide a variety of programs to serve homeless people, the majority of them sought and received SHP funding for two types of programs—those that provide transitional housing with supportive services and those that provide supportive services only. Through their supportive service programs, SHP applicants offer several kinds of assistance to homeless people, such as case management, life skills instruction, and employment assistance.

## Types of SHP Grants Requested and Awarded

SHP grants can be used to fund three of the six types of programs that are most often offered to homeless people by the agencies that serve them—transitional housing with supportive services, permanent housing for people with disabilities, and supportive services only. (Table 1.3 identifies the six types of programs.) Our survey results indicate that the majority of SHP applicants offer programs that provide transitional housing with supportive services and supportive services only. Consistent with these results, these were the two types of programs for which applicants most often requested SHP grants. On the basis of applicants' responses, we estimate that about 59 percent of the SHP applications submitted in 1997 were requests for funds for transitional housing programs with supportive

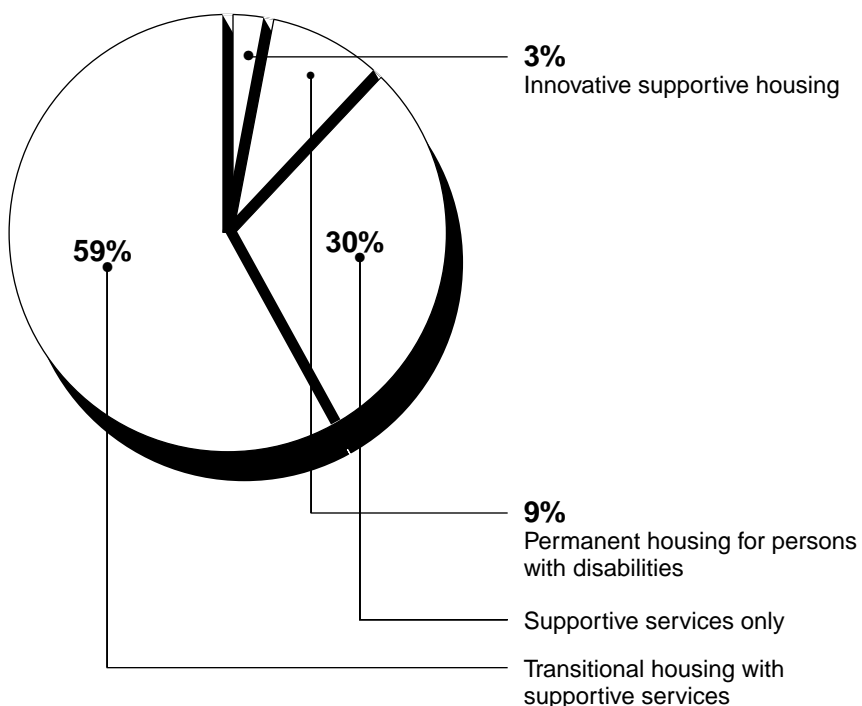
services and about 30 percent were requests for funds for programs that provide supportive services only.

**Table 1.3: Types of Programs Agencies Often Provide to Homeless People and the Percentage of SHP Applicants That Offer These Programs**

Type of program offered to homeless people	Description of program	Percentage of SHP applicants that offer program
Transitional housing with services	Temporary housing assistance and supportive services. Generally, the maximum stay is 2 years.	80
Supportive services without housing	Services that address the special needs of the homeless (e.g., referrals, education, health care).	70
Emergency shelter	Short-term housing. Beds are not guaranteed and are provided only for a limited time.	50
Permanent housing with services	Long-term housing assistance and supportive services.	38
Food bank/food pantry	Uncooked food distributed in boxes or bags directly to low-income people, including the homeless.	37
Soup kitchen	Food lines and programs that distribute prepared breakfasts, lunches, or dinners.	20

Figure 1.5 shows the types of programs for which SHP applicants sought grants in 1997.

**Figure 1.5: Types of Programs for Which SHP Applicants Sought Grants in 1997**



Note: The percentages do not total 100 because of rounding.

## Types of Supportive Services Offered to Homeless People

SHP applicants generally offered a wide range of supportive services to homeless people, directly or indirectly, through contractual arrangements. For example, about 93 percent of SHP applicants provided case management; 84 percent provided instruction in life skills such as parenting and budgeting; and about three-fourths offered outreach, employment assistance, and transportation to the homeless that they serve. In contrast, fewer than one-third of SHP applicants provided legal services and AIDS-related treatment. Table 1.4 shows the different types of

supportive services and the percentage of SHP applicants that offered each type.

**Table 1.4: Types of Supportive Services and the Percentage of SHP Applicants That Provide These Services**

Types of supportive services	Percentage of applicants that provide these services
Case management (including referrals)	93
Instruction in life skills, including parenting classes	84
Employment assistance	77
Outreach	76
Transportation	75
Follow-up with transitional housing	74
Clothing	70
Case management for clients living in permanent housing	61
Education	61
Alcohol/drug abuse treatment	57
Financial assistance	53
Mental health treatment	52
Communication services (telephone, voice mail, e-mail, Internet access)	46
Child care	45
Health care (medical, dental, vision, and pharmaceutical)	43
Legal services	31
AIDS-related treatments	31

About 62 percent of SHP applicants provide supportive services directly to their homeless clients and did not contract for any services with other providers, while 4 percent contract with other agencies to provide these services and do not provide any services themselves. The remaining 34 percent of SHP applicants provide a mix of direct and contracted services.

## SHP Is an Important Source of Funding for Programs That Serve Homeless People

SHP grants provide applicants with a significant and important portion of the funding that supports their programs for homeless people. According to our survey results, most applicants that did not receive an SHP grant could not obtain funding from other sources to replace the funds they did not receive from SHP, and they were unable to expand existing programs or implement new programs for their homeless populations. In addition,

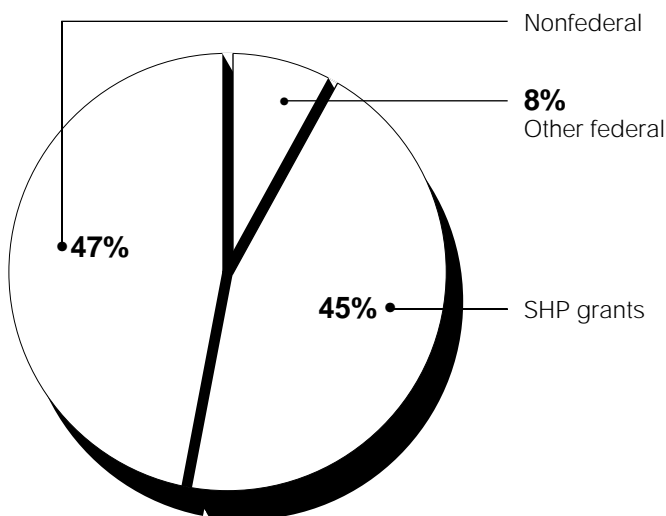


according to our survey results, most applicants agree that SHP grants are an important and unique source of funding for their programs that serve homeless people.

### Relationship of SHP Grants to Other Sources of Funding for Homeless Assistance Programs

Our survey results indicate that SHP grants represent about 45 percent of the total funds that applicants received from all sources to provide services and programs for homeless people. Figure 1.6 illustrates the relationship of SHP grants to other federal and nonfederal sources of funding for applicants' homeless assistance programs. (Nonfederal sources include state and local governments, private corporations, and nonprofit organizations and foundations.)

**Figure 1.6: Relationship of SHP Grants to Other Sources of Funding for Applicants' Homeless Assistance Programs**



According to the information provided in responses to our survey, in 1997, applicants requested SHP grants ranging from about \$7,000 to almost \$7,500,000. The average amount requested by applicants that year was about \$450,000, and the average award for projects was about \$440,000.

### Consequences of Not Receiving an SHP Grant

The importance of SHP funding for programs that serve homeless people is demonstrated by the negative consequences applicants faced when they

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did not receive a grant. On the basis of applicants' responses, we estimate that over 70 percent of the applicants that did not receive an SHP grant were unable to expand existing programs or were unable to implement new programs for homeless people because they did not receive these funds. In addition, over 30 percent of these applicants identified other negative consequences of not receiving SHP funds, including reductions in programs and services provided to the homeless and reductions in the number of homeless individuals served. In contrast, only about 4 percent of SHP applicants indicated that no changes were made to their programs or services when they did not receive a grant. We estimate that about 78 percent of the applicants that did not receive a grant were unable to obtain funding from other sources to replace the SHP funds they did not receive. Moreover, according to our survey results, almost all of the applicants that were able to obtain funding from other sources received less than they had requested from SHP.

Despite the importance they assign to SHP grants, about half of the applicants that had previously applied for SHP grants did not apply for a grant in 1998. The reason most often cited by the agencies that did not apply for an SHP grant in 1998 was that they were currently implementing prior SHP grant awards. Some applicants that did not apply for 1998 funds also said (1) they believed they were unlikely to receive funding from HUD, (2) they found the application process too difficult and/or time-consuming, or (3) their staff did not have the time or technical expertise to fill out the application.

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### Importance of SHP Funding to Applicants' Homeless Assistance Programs

Our survey asked applicants to agree or disagree with a series of statements about the importance of SHP funding to their homeless assistance programs. We developed these statements through discussions with some homeless assistance providers and advocates for the homeless. Our objective was to determine whether applicants nationwide held similar opinions about the importance of SHP. Our survey results indicate that the majority of SHP applicants agree with the following statements about the importance of SHP funds:

- About 43 percent of SHP applicants agree and another 26 percent strongly agree with the statement that SHP grants provide legitimacy to their programs, making it easier for them to obtain funds from other sources.
- About 47 percent of SHP applicants agree and another 36 percent strongly agree with the statement that SHP funding is unique because it explicitly links housing and supportive services for the homeless.

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- About 26 percent of SHP applicants agree and another 59 percent strongly agree with the statement that their agencies need to receive SHP funding to provide services and programs for homeless people.

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## **In Addition to SHP Grants, Applicants Relied Primarily on Nonfederal Funding for Their Homeless Assistance Programs**

In addition to applying for SHP grants, most applicants tried to obtain funds from several nonfederal and other federal sources to support their homeless assistance programs. However, of these sources, SHP applicants relied more on nonfederal than on other federal sources. This greater reliance on nonfederal sources is, in part, attributable to SHP applicants' lack of knowledge about other federal programs that would fund programs and services for homeless people.

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## **Nonfederal Funding for SHP Applicants' Homeless Assistance Programs**

In addition to applying for SHP grants, about 74 percent of SHP applicants applied for funds from a variety of nonfederal sources to finance their programs and services specifically targeted to homeless people. These sources included state and local governments, private corporations, and nonprofit organizations and foundations. On the basis of applicants' responses, we estimate that SHP applicants that applied to nonfederal sources received, at a minimum, about \$576 million in funding from them. Specifically, they received a minimum of about \$251 million from state governments, \$185 million from local governments, \$69 million from nonprofit organizations and foundations, \$28 million from private corporations, and over \$43 million from other sources, such as donations from individuals and other fundraising efforts. However, the amounts that applicants reported receiving from state and local governments may include some federal funds. This is because some federal programs, such as HUD's Emergency Shelter Grants and the Department of Health and Human Services' Projects for Assistance in Transition From Homelessness, provide funds to state and local governments that these governments then distribute as grants to public and private nonprofit organizations. Organizations that receive funds from their state and local governments generally do not know what portion of the total comes from federal sources. Table 1.5 identifies the various nonfederal funding sources from which SHP applicants requested and received funds, together with our estimates of the percentage of applicants requesting funding from these sources and the total amount of funding they may have requested and received.

**Table 1.5: Estimates of Nonfederal Funding Requested and Received by SHP Applicants**

Dollars in millions

Type of nonfederal funding	Percentage of applicants requesting funding	Total amount of funding requested <sup>a</sup>	Total amount of funding received <sup>a</sup>
State government	72	\$253,286,344	\$250,995,786
Local government	62	196,533,580	185,485,302
Private corporation	37	38,761,357	27,560,125
Nonprofit organization/foundation	62	90,357,740	69,080,561
<b>Total</b>		<b>\$578,939,021</b>	<b>\$533,121,774<sup>b</sup></b>

<sup>a</sup>The estimated totals in this table do not account for the applicants that failed to respond to our questionnaire. Additionally, we eliminated survey respondents that did not consistently answer the series of financial questions we asked them. We chose not to impute values for those eliminated from the analysis. For these reasons, the estimates should be viewed as minimum estimates of the totals.

<sup>b</sup>In addition, about 18 percent of the applicants received over \$43 million in funds from other sources, such as private donors.

## Other Federal Sources of Funding for SHP Applicants' Homeless Assistance Programs

Our survey results indicate that few applicants seek funding from federal sources other than SHP for their homeless assistance programs. On the basis of applicants' responses, we estimate that about 25 percent of the SHP applicants applied for, at a minimum, about \$148 million in funding from other federal sources and received, at a minimum, about \$100 million. Almost half of the funding that applicants received from other federal sources came from other HUD programs, including the Shelter Plus Care, Section 8 Single-Room Occupancy, and Housing Opportunities for Persons With AIDS programs.<sup>9</sup> In addition, some SHP applicants requested funds from the departments of Health and Human Services, Labor, and Veterans Affairs. SHP applicants that did not seek federal funding from other sources most often reported that they did not do so because they were unfamiliar with other federal programs that would provide money for their homeless assistance programs. Table 1.6 estimates how much federal funding from non-SHP sources SHP applicants may have requested and received.

<sup>9</sup>A detailed description of each of these programs is provided in our report entitled Homelessness: Coordination and Evaluation of Programs Are Essential (GAO/RCED-99-49, Feb. 26, 1999).

**Table 1.6: Estimates of Non-SHP Federal Funding Requested and Received by SHP Applicants**

<b>Non-SHP federal funding source</b>	<b>Total amount of funding requested<sup>a</sup></b>	<b>Total amount of funding received<sup>a</sup></b>
HUD programs other than SHP	\$61,334,769	\$46,192,826
Department of Health and Human Services	15,118,372	12,463,781
Department of Labor	27,271,041	9,867,453
Department of Veterans Affairs	5,083,369	2,562,422
Other federal sources <sup>b</sup>	38,778,669	28,771,772
<b>Total</b>	<b>\$147,586,220</b>	<b>\$99,858,254</b>

<sup>a</sup>The estimated totals in this table do not account for the applicants that failed to respond to our questionnaire. Additionally, we eliminated survey respondents that did not consistently answer the series of financial questions we asked them. We chose not to impute values for those eliminated from the analysis. For these reasons, the estimates should be viewed as minimum estimates of the totals.

<sup>b</sup>Other federal sources include the Department of Agriculture, the Federal Emergency Management Agency, and the Federal Home Loan Bank.

## Agency Comments

We provided HUD with a draft of this report for review and comment. In its comments, HUD stated that the Supportive Housing Program is an integral part of the Department's Continuum of Care approach to addressing homelessness. According to HUD, the Supportive Housing Program is so popular because it enables housing and service providers to develop a package application that includes a request for funding for both housing assistance and supportive services. HUD also provided us with technical comments that have been incorporated throughout the report as appropriate. (App. III includes the full text of HUD's comments and our detailed responses.)

We also provided the Department of Veterans Affairs with a draft of this report for review and comment. The Associate Chief Consultant for Homeless Veterans told us that the Department had no comments or concerns about the information included in the report and stated that the report provided useful information on the types of programs and services provided to homeless people.

We are sending copies of this report to the appropriate congressional committees; interested Members of Congress; the Honorable Andrew Cuomo, Secretary of Housing and Urban Development; and other

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interested parties. Copies will be made available to others on request. If you have any questions about this report, please call Anu Mittal or me at (202) 512-7631. Key contributors to this report include Lynn Musser, Merrie Nichols-Dixon, Hattie Poole, and John Vocino.

A handwritten signature in black ink, reading "Judy A. England-Joseph". The signature is written in a cursive, flowing style with a large initial "J" and "E".

Judy A. England-Joseph  
Director, Housing and Community  
Development Issues

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List of Requesters

The Honorable Phil Gramm  
Chairman, Committee on Banking, Housing  
and Urban Affairs  
United States Senate

The Honorable Pete V. Domenici  
Chairman, Committee on Budget  
United States Senate

The Honorable James M. Jeffords  
Chairman, Committee on Health, Education,  
Labor and Pensions  
United States Senate

The Honorable Arlen Specter  
Chairman, Committee on Veterans' Affairs  
United States Senate

The Honorable Christopher S. Bond  
Chairman, Subcommittee on VA, HUD  
and Independent Agencies  
Committee on Appropriations  
United States Senate

The Honorable Wayne Allard  
Chairman, Subcommittee on Housing  
and Transportation  
Committee on Banking, Housing and  
Urban Affairs  
United States Senate

The Honorable Bill Frist  
Chairman, Subcommittee on  
Public Health  
Committee on Health, Education,  
Labor and Pensions  
United States Senate

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**Abbreviations**

DOL	Department of Labor
HHS	Department of Health and Human Services
HUD	Department of Housing and Urban Development
SHP	Supportive Housing Program
VA	Department of Veterans Affairs

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# Objectives, Scope, and Methodology

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We conducted a nationwide survey of 1,174 agencies that applied in 1997 for grants from the Department of Housing and Urban Development's (HUD) Supportive Housing Program (SHP). Our survey was designed to obtain information on the (1) characteristics of agencies that apply for SHP grants, (2) types of programs and services for homeless people that SHP grants support, (3) importance of SHP grants to agencies' programs for the homeless, and (4) various funding sources that applicants rely on in addition to SHP funds for their programs and services for homeless people. In addition to conducting the survey, we interviewed HUD officials and homeless assistance providers in Virginia, Maryland, and the District of Columbia, and we reviewed documents and legislation related to programs that serve the homeless. We conducted our review from September 1998 through June 1999 in accordance with generally accepted government auditing standards.

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## Questionnaire Development and Design

We developed a questionnaire for mailing to a sample of agencies nationwide that applied for one or more SHP grants in 1997. The questionnaire asked for general information about each agency and specific information about the agency's programs for the homeless. We also asked for information about a specific grant application submitted by each agency in 1997. For example, we asked applicants how much money they received for the grant and how they would categorize the grant. Each agency received only one questionnaire, no matter how many applications it submitted to HUD.

To aid in designing our survey, we obtained input on the content of the questionnaire from officials of the Interagency Council on the Homeless and organizations that either represent or provide services to the homeless, such as the National Alliance to End Homelessness, the National Law Center on Homelessness and Poverty, and U.S. Catholic Charities. We pretested the questionnaire with officials of 11 agencies in New York, Texas, and Florida. Each pretest consisted of a visit by GAO staff to an agency that had applied for an SHP grant in 1997. During these visits, we simulated the actual survey experience by asking agency officials to fill out the questionnaire. We also interviewed agency officials after they had completed the questionnaire to ensure that (1) the questions were readable and clear, (2) the terms used were precise, (3) completing the questionnaire did not place an undue burden on agency officials, and (4) the questionnaire was independent and unbiased.

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## Sampling Methodology

To identify agencies that submitted SHP applications in 1997, we obtained a list from HUD of the total number of applications it received that year. This list contained 3,011 applications from various state, local, and nonprofit agencies nationwide. We eliminated 351 applications that HUD did not consider for funding because they were technically incomplete or otherwise ineligible for consideration. We divided the remaining 2,660 applications into four categories: (1) applications for new projects that were funded, (2) applications for new projects that were not funded, (3) applications for existing (renewal) projects that were funded, and (4) applications for renewal projects that were not funded. From these four categories, we selected a sample of 1,174 applications using the following process:

- We included all agencies that submitted a renewal application that was not funded in our sample. We did this because we wanted to survey as many agencies as we could with experience in requesting but not receiving SHP grants for their projects. However, if an agency had more than one nonfunded renewal application, we randomly selected one application so that the agency would receive only one questionnaire. If an agency submitted applications for both renewal and new projects, we randomly selected one renewal application that was not funded for our sample and deleted the other applications. We mailed questionnaires to 120 agencies that submitted applications for renewal projects that were not funded.
- We also included all agencies that submitted a renewal application that was funded unless the agencies had submitted a renewal application that was not funded (these agencies were already part of our sample). For agencies that submitted multiple renewal applications that were funded, we randomly selected one application so that the agency received only one questionnaire. If an agency (1) submitted applications for both renewal and new projects and (2) had no nonfunded renewal applications, we randomly selected one renewal application that was funded for our sample and deleted the other applications. We sent questionnaires to 268 agencies that submitted renewal applications that were funded.
- For agencies that submitted only new applications, we randomly selected one application for each agency and deleted the others. This left 1,546 applications for new projects, of which 704 were funded and 842 were not funded. We then randomly selected a sample of 400 applications from each group. However, we identified additional duplicate agencies after drawing the sample and therefore mailed questionnaires to only 391 agencies with applications for new projects that were funded and 395 agencies with applications for new projects that were not funded.

This three-step process yielded a sample of 1,174 applicants. Of these, 953 applicants returned completed, useable questionnaires, which yielded an applicant response rate of 81 percent. For each sampled application category, table I.1 shows the number of applications considered for funding by HUD, the number of questionnaires we mailed to applicants, and the number of completed, useable questionnaires returned to us.

**Table I.1: Type of Application, Number of Applications Received by HUD, and Number of Questionnaires Mailed and Returned for the Sample Population**

Type of application	Number of applications considered for funding by HUD	Number of questionnaires mailed	Number of questionnaires completed and returned
Nonfunded renewal	152	120	100
Funded renewal	410	268	227
Nonfunded new	1,095	395	292
Funded new	1,003	391	334
<b>Total</b>	<b>2,660</b>	<b>1,174</b>	<b>953</b>

Note: Of the 3,011 applications that were received, 351 were "dropped" by HUD because they were incomplete, did not target the appropriate population, or were otherwise ineligible for funding.

Our results are based on the information reported by the agencies. We did not verify the accuracy of the information that the surveyed agencies provided.

## Sampling Errors and Confidence Intervals of Estimates

Since we used a sample (called a probability sample) of 1,174 of the 2,660 SHP applications that were considered for funding in 1997 to develop our estimates, each estimate has a measurable precision, or sampling error, which may be expressed as a plus/minus figure. A sampling error indicates how closely we can reproduce from a sample the results we would have obtained if we had sent a questionnaire to every SHP applicant and asked about each one of the grant applications. By adding the sampling error to and subtracting it from the estimate, we can develop upper and lower bounds for each estimate. This range is called the confidence interval. Sampling errors and confidence intervals are stated at a certain confidence level—in this case, 95 percent. For example, a confidence interval at the 95-percent confidence level means that in 95 out of 100 instances, the sampling procedure we used would produce a confidence interval containing the value we are estimating. Table I.2 lists the sampling

errors and confidence intervals for selected information from our survey of SHP applicants.

**Table I.2: Sampling Errors of Estimates From Information in the Project Questionnaire**

Description	Estimate	Sampling error	Confidence interval	
			From	To
Background information about the agencies				
Which of the following best describes your agency?				
Nonprofit agency	79.32%	1.76%	77.56%	81.08%
Nonprofit agency with religious affiliation	11.14%	1.39%	9.75%	12.53%
Local government agency	6.14%	1.04%	5.10%	7.18%
State government agency	1.22%	0.47%	0.75%	1.69%
Other	2.17%	0.61%	1.56%	2.78%
Approximately how long has your agency been in existence?				
Under 10 years	16.73%	1.71%	15.02%	18.44%
10 to 20 years	32.05%	2.04%	30.01%	34.09%
21 to 50 years	35.50%	2.10%	33.40%	37.60%
51 to 100 years	9.63%	1.29%	8.34%	10.92%
Over 100 years	6.10%	1.02%	5.08%	7.12%
What types of clients does your agency serve?				
Adults with dependent children	84.42%	1.59%	82.83%	86.01%
Adults without children	83.44%	1.57%	81.87%	85.01%
Unaccompanied or emancipated children and/or adolescents	37.57%	2.12%	35.45%	39.69%
Battered women	69.06%	2.02%	67.04%	71.08%
Pregnant women	69.09%	2.02%	67.07%	71.11%
Adults aged 60 or older	68.37%	2.04%	66.33%	70.41%
Veterans	67.15%	2.02%	65.13%	69.17%
Individuals with physical or mental disabilities	75.05%	1.86%	73.19%	76.91%
Mentally ill individuals	68.84%	2.04%	66.80%	70.88%
Individuals with HIV/AIDS	66.74%	2.06%	64.68%	68.80%
Individuals with substance abuse problems	80.97%	1.69%	79.28%	82.66%
Individuals involved with the criminal justice system	66.80%	2.04%	64.76%	68.84%
What is the total budget for your agency for calendar year 1998?				

(continued)

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Description	Estimate	Sampling error	Confidence interval	
			From	To
Nonprofit agency	\$5,795,423	\$644,356	\$5,151,067	\$6,439,779
Local government agency	\$35,668,981	\$9,427,275	\$26,241,706	\$45,096,256
State government agency	\$925,323,271	\$609,067,913	\$316,255,358	\$1,534,391,184
Please indicate the approximate percentage of your agency's annual budget that comes from each of the following sources:				
Local, state, and federal government funding	61.82%	1.35%	60.47%	63.17%
Private funding	21.07%	1.12%	19.95%	22.19%
Fees for service	7.14%	0.71%	6.43%	7.85%
Self-generated income	9.02%	0.82%	8.20%	9.84%
Other	0.89%	0.22%	0.67%	1.11%
<b>Programs and services for the homeless</b>				
Which of the following programs and services does your agency offer to the homeless?				
Emergency shelter	50.12%	2.18%	47.94%	52.30%
Transitional housing with services	79.88%	1.84%	78.04%	81.72%
Permanent housing with services	37.68%	2.10%	35.58%	39.78%
Food bank/food pantry	37.42%	2.14%	35.28%	39.56%
Soup kitchen	19.55%	1.78%	17.77%	21.33%
Supportive services without housing	69.96%	1.94%	68.02%	71.90%
Approximately how long has your agency had programs or services that are specifically targeted to serve the homeless?				
Under 10 years	35.88%	2.14%	33.74%	38.02%
10 to 20 years	47.62%	2.20%	45.42%	49.82%
21 to 50 years	12.70%	1.47%	11.23%	14.17%
50 to 100 years	2.33%	0.71%	1.62%	3.04%
Over 100 years	1.47%	0.53%	0.94%	2.00%
Which of the following best describes your agency's delivery of services to the homeless?				
Provides services directly to the homeless—does not contract for any services	62.09%	2.12%	59.97%	64.21%
Provides some services directly to the homeless and contracts (provides indirectly) for some services (excluding affiliation or linkage agreements)	33.42%	2.08%	31.34%	35.50%

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Description	Estimate	Sampling error	Confidence interval	
			From	To
Does not provide any services directly—all services are contracted out to other agencies	4.49%	0.88%	3.61%	5.37%
Which of the following supportive services does your agency offer, directly or indirectly, to the homeless?				
Outreach	75.51%	1.86%	73.65%	77.37%
Case management (including referrals)	93.03%	1.20%	91.83%	94.24%
Case management for clients who are living in permanent housing	61.17%	2.14%	59.03%	63.31%
Education	61.29%	2.14%	59.15%	63.43%
Instruction in life skills, including parenting classes	83.80%	1.71%	82.09%	85.51%
Employment assistance	77.25%	1.84%	75.41%	79.09%
Alcohol/drug abuse treatment	57.12%	2.18%	54.94%	59.30%
Mental health treatment	52.37%	2.20%	50.17%	54.57%
AIDS-related treatment	30.87%	2.02%	28.85%	32.89%
Health care	42.72%	2.14%	40.58%	44.86%
Follow-up with transitional housing	74.1%	1.96%	72.14%	76.06%
Child care	44.86%	2.16%	29.44%	33.48%
Legal services	31.46%	2.02%	29.44%	33.48%
Clothing	70.09%	2.02%	68.07%	72.11%
Transportation	74.75%	1.92%	72.83%	76.67%
Communication services	46.14%	2.18%	43.96%	48.32%
Financial assistance	53.34%	2.20%	51.14%	55.54%
Approximately how many homeless individuals (nonduplicated) does your agency serve each year?				
100 percent	25.67%	1.94%	23.73%	27.61%
100-250	20.56%	1.80%	18.76%	22.36%
250-500	16.85%	1.63%	15.22%	18.48%
500-1,000	13.79%	1.47%	12.32%	15.26%
1,000-5,000	17.92%	1.65%	16.27%	19.57%
Over 5,000	5.21%	0.92%	4.29%	6.13%
Approximately what percentage of the homeless whom you serve are veterans?				
100 percent	0.99%	0.43%	0.56%	1.42%
1 to 25 percent	52.93%	1.96%	50.97%	54.89%
26 to 99 percent	5.96%	0.96%	5.00%	6.92%

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Description	Estimate	Sampling error	Confidence interval	
			From	To
None	10.81%	1.14%	9.67%	11.95%
Did not answer the question	29.31%	1.82%	27.49%	31.13%
What percentage of the homeless whom you serve need housing plus supportive services, supportive services only, or housing only?				
Individuals who need housing plus supportive services	80.96%	1.10%	79.86%	82.06%
Individuals who need supportive services but no housing	13.64%	0.96%	12.68%	14.60%
Individuals who receive housing but no other supportive services	5.40%	0.57%	4.83%	5.97%
<b>Supportive Housing Program (SHP) grant application identified on questionnaire cover</b>				
Please indicate the category of your SHP grant application:				
Transitional housing with supportive services	58.91%	2.20%	56.71%	61.11%
Permanent housing for persons with disabilities	8.78%	1.27%	7.51%	10.05%
Supportive services only	29.72%	2.08%	27.64%	31.80%
Innovative supportive housing	2.59%	0.71%	1.88%	3.30%
<b>Consequences of not receiving the Supportive Housing Program (SHP) grant</b>				
Did you receive any funding from other source(s) to replace funds not received from the SHP grant?				
No	78.10%	3.39%	74.71%	81.49%
Yes	21.90%	3.39%	18.51%	25.29%
How did the money you received from other sources compare with the amount you requested in your 1997 HUD SHP grant application?				
Money received was equal to amount requested from HUD	3.55%	2.59%	0.96%	6.14%
Money received was less than amount requested from HUD	94.62%	3.63%	90.99%	98.25%
Money received was more than amount requested from HUD	1.83%	2.59%	-0.76% <sup>a</sup>	4.42%
How were your agency's programs and services for the homeless affected by not receiving the 1997 SHP grant?				
Reduction in agency staff	18.42%	3.16%	15.26%	21.58%
Reduction in programs and/or services provided to the homeless	34.74%	4.06%	30.68%	38.80%

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Description	Estimate	Sampling error	Confidence interval	
			From	To
Reduction in the number of homeless individuals served	31.14%	3.98%	27.16%	35.12%
Unable to expand existing programs and/or services for the homeless	69.62%	3.94%	65.68%	73.56%
Unable to implement new programs and/or services for the homeless	73.16%	3.74%	69.42%	76.90%
Lost other funding that was contingent on receiving an SHP grant	10.97%	2.70%	8.27%	13.67%
Implemented more fee-for-service programs	4.72%	1.90%	2.82%	6.62%
Made no changes in programs or services	4.47%	1.72%	2.75%	6.19%
<b>Other funding sources for programs and services for the homeless</b>				
During calendar year <u>1997</u> , did you apply for <u>nonfederal</u> funding to support programs and services for the homeless?				
No	25.84%	1.98%	23.86%	27.82%
Yes	74.16%	1.98%	72.18%	76.14%
Please indicate where your agency applied for money, the amount of money requested, and the amount of money received.				
Where agencies applied				
State government (including federal pass-through money)	71.79%	2.29%	69.50%	74.08%
Local government	62.45%	2.47%	59.98%	64.92%
Private corporations	37.06%	2.43%	34.63%	39.49%
Nonprofit organizations or foundations	62.35%	2.47%	59.88%	64.82%
Other	18.36%	1.92%	16.44%	20.28%
Amount of money requested				
State government (including federal pass-through money)	\$253,286,344	\$42,843,578	\$210,442,766	\$296,129,922
Local government	\$196,533,580	\$31,167,717	\$165,365,863	\$227,701,297
Private corporations	\$38,761,357	\$9,641,024	\$29,120,333	\$48,402,381
Nonprofit organizations or foundations	\$90,357,740	\$15,624,576	\$74,733,164	\$105,982,316
Other	\$22,575,658	\$8,411,269	\$14,164,389	\$30,986,927
Amount of money received				
State government (including federal pass-through money)	\$250,995,786	\$42,439,585	\$208,556,201	\$293,435,371

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Description	Estimate	Sampling error	Confidence interval	
			From	To
Local government	\$185,485,302	\$31,416,858	\$154,068,444	\$216,902,160
Private corporations	\$27,560,125	\$3,181,138	\$24,378,987	\$30,741,263
Nonprofit organizations or foundations	\$69,080,561	\$9,137,706	\$59,942,855	\$78,218,267
Other	\$43,194,626	\$16,669,173	\$26,525,453	\$59,863,799
During calendar year <u>1997</u> , did you apply <u>directly</u> for any <u>federal funding</u> (in addition to SHP) to support programs and services for the homeless?				
No	74.69%	1.90%	72.79%	76.59%
Yes	25.31%	1.90%	23.41%	27.21%
Which of the following were reasons why your agency did not apply for other federal funding to support programs and/or services for the homeless?				
Other federal agencies are not likely to fund programs and services for the homeless	21.54%	2.33%	19.21%	23.87%
Not familiar with other federal agencies that would provide money for homeless programs and/or services	53.45%	2.84%	50.61%	56.29%
Other federal agencies' deadlines and time lines are difficult to meet	10.00%	1.69%	8.31%	11.69%
Preparing grant applications for federal agencies is too time-consuming	23.06%	2.45%	20.61%	25.51%
Past experience with other federal agencies has not been successful	12.24%	1.92%	10.32%	14.16%
Applying for money to support homeless programs and/or services had a lower priority than applying for money to support other agency programs	10.01%	1.71%	8.30%	11.72%
Had sufficient resources without additional federal funding	14.38%	1.84%	12.54%	16.22%
Please indicate the federal agencies that you directly applied to for money in 1997 to support programs and/or services for the homeless, the amount of money you requested, and the amount of money you received.				
Amount of money requested from				
HUD	\$61,334,769	\$16,912,103	\$44,422,666	\$78,246,873
HHS	\$15,118,372	\$3,519,006	\$11,599,365	\$18,637,378

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			From	To
DOL	\$27,271,041	\$5,167,706	\$22,103,335	\$32,438,747
VA	\$5,083,369	\$2,923,098	\$2,160,271	\$8,006,467
Other	\$38,778,669	\$10,598,063	\$28,180,606	\$49,376,731
Amount of money received from				
HUD	\$46,192,826	\$15,580,137	\$30,612,689	\$61,772,963
HHS	\$12,463,781	\$3,098,956	\$9,364,825	\$15,562,737
DOL	\$9,867,453	\$3,024,533	\$6,842,920	\$12,891,986
VA	\$2,562,422	\$1,329,282	\$1,233,140	\$3,891,704
Other	\$28,771,772	\$8,334,955	\$20,436,817	\$37,106,727
Did your agency submit any new or renewal SHP grant applications to HUD in 1998?				
No	48.94%	2.18%	46.76%	51.12%
Yes	51.06%	2.18%	48.88%	53.24%
Please indicate why your agency chose not to submit any SHP applications in 1998.				
Agency is not part of a Continuum of Care	2.32%	1.16%	1.16%	3.48%
Did not receive information about the 1998 Super NOFA <sup>b</sup>	7.58%	2.02%	5.56%	9.60%
Application process is too difficult and/or time-consuming	11.53%	2.29%	9.24%	13.82%
Staff did not have time and/or technical expertise to prepare grant	12.27%	2.39%	9.88%	14.66%
Time frames and/or deadlines for grant application are difficult to meet	8.79%	2.08%	6.71%	10.87%
Technical submission process is too difficult and/or time-consuming	6.81%	1.80%	5.01%	8.61%
Agency currently is implementing SHP grants from prior year(s)	57.06%	3.21%	53.85%	60.27%
Agency has adequate funding from other sources	3.97%	1.31%	2.66%	5.28%
Believe receiving funding from HUD is not likely	16.69%	2.70%	13.99%	19.39%
<b>Continuum of Care</b>				
How involved was your agency in the development of the local Continuum of Care?				
Not at all involved	3.45%	0.78%	2.67%	4.23%

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Description	Estimate	Sampling error	Confidence interval	
			From	To
Somewhat involved	25.58%	1.90%	23.68%	27.48%
Highly involved	69.48%	2.02%	67.46%	71.50%
Agency is not part of a Continuum of Care	1.49%	0.53%	0.96%	2.02%
<b>Importance of Supportive Housing Program (SHP) grants for your agency's programs and services for the homeless</b>				
Receiving an SHP grant provides "legitimacy" to your agency's programs, which makes it easier to obtain funds from other sources.				
Strongly disagree	3.18%	0.80%	2.38%	3.98%
Disagree	3.66%	0.82%	2.84%	4.48%
Neither agree nor disagree	24.56%	1.94%	22.62%	26.50%
Agree	42.68%	2.16%	40.52%	44.84%
Strongly agree	25.92%	1.88%	24.04%	27.80%
SHP funding is unique because of its explicit link between housing and services.				
Strongly disagree	2.33%	0.69%	1.64%	3.02%
Disagree	3.75%	0.80%	2.95%	4.55%
Neither agree nor disagree	10.11%	1.29%	8.82%	11.40%
Agree	47.47%	2.20%	45.27%	49.67%
Strongly agree	36.34%	2.10%	34.24%	38.44%
SHP funding is necessary in order for your agency to provide programs and services for the homeless.				
Strongly disagree	1.39%	0.55%	0.84%	1.94%
Disagree	4.80%	1.06%	3.74%	5.86%
Neither agree nor disagree	9.44%	1.41%	8.03%	10.85%
Agree	25.72%	1.92%	23.80%	27.64%
Strongly agree	58.65%	2.16%	56.49%	60.81%
<b>GAO's analysis of SHP funds in relationship to federal and nonfederal homeless assistance funding</b>				
SHP grants as a percentage of agencies' total funding for homeless assistance programs				
	44.60%	3.14%	41.46%	47.74%
Nonfederal funds as a percentage of agencies' total funding for homeless assistance programs				
	47.30%	3.27%	43.58%	51.02%
Other federal funds as a percentage of agencies' total funding for homeless assistance programs				
	8.10%	1.57%	6.53%	9.67%

(Table notes on next page)

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<sup>a</sup>Because the lower bound of this estimate falls below zero, the sampling error and upper and lower bounds should not be considered reliable.

<sup>b</sup>If an agency did not receive the 1998 Super NOFA (Notice of Funding Availability), it might not know that funds were available for SHP grants in 1998.

# Geographical Distribution of SHP Applications for 1997

State	Number of applications submitted to HUD	Number of applications funded by HUD	Number of applications not funded by HUD	Number of applications dropped by HUD <sup>a</sup>	Percentage of applications funded by HUD	Total funding requested
Alabama	25	8	16	1	32	\$11,022,714
Alaska	13	6	7	0	46	5,555,398
Arizona	43	20	23	0	47	31,063,833
Arkansas	17	4	12	1	24	9,085,140
California	403	198	165	40	49	210,495,436
Colorado	47	16	22	9	34	17,164,987
Connecticut	29	11	18	0	38	23,825,517
Delaware	8	0	7	1	0	6,053,963
District of Columbia	34	23	10	1	68	16,735,904
Florida	143	50	74	19	35	91,882,161
Georgia	75	17	45	13	23	33,973,334
Hawaii	16	9	4	3	56	6,925,884
Idaho	9	3	6	0	33	3,538,052
Illinois	147	59	73	15	40	79,301,078
Indiana	82	39	30	13	48	23,257,715
Iowa	19	12	7	0	63	9,200,757
Kansas	11	2	6	3	18	4,391,774
Kentucky	37	20	12	5	54	17,178,572
Louisiana	66	33	26	7	50	17,497,781
Maine	20	16	4	0	80	3,788,651
Maryland	91	51	35	5	56	25,702,752
Massachusetts	133	68	49	16	51	54,776,938
Michigan	102	56	34	12	55	49,227,046
Minnesota	71	42	19	10	59	21,479,555
Mississippi	5	0	4	1	0	1,329,499
Missouri	34	16	14	4	47	18,822,093
Montana	7	2	5	0	29	1,689,821
Nebraska	22	13	8	1	59	5,916,252
Nevada	9	2	7	0	22	6,319,999
New Hampshire	18	5	13	0	28	10,653,238
New Jersey	90	27	52	11	30	43,240,143
New Mexico	16	8	5	3	50	6,213,593
New York	207	110	64	33	53	91,717,766
North Carolina	51	22	28	1	43	11,533,082
North Dakota	5	1	2	2	20	1,441,469

(continued)

**Appendix II**  
**Geographical Distribution of SHP**  
**Applications for 1997**

<b>State</b>	<b>Number of applications submitted to HUD</b>	<b>Number of applications funded by HUD</b>	<b>Number of applications not funded by HUD</b>	<b>Number of applications dropped by HUD<sup>a</sup></b>	<b>Percentage of applications funded by HUD</b>	<b>Total funding requested</b>
Ohio	132	97	19	16	74	36,249,787
Oklahoma	40	10	18	12	25	12,474,264
Oregon	40	15	22	3	38	14,260,473
Pennsylvania	151	65	60	26	43	86,092,129
Rhode Island	24	20	0	4	83	7,373,583
South Carolina	17	8	8	1	47	6,693,075
South Dakota	9	0	5	4	0	1,023,405
Tennessee	45	19	22	4	42	21,739,147
Texas	150	67	64	19	45	82,885,582
Utah	14	1	12	1	7	4,406,576
Vermont	20	4	5	11	20	5,451,528
Virginia	58	34	15	9	59	22,228,344
Washington	128	73	52	3	57	23,269,906
West Virginia	10	1	9	0	10	8,147,289
Wisconsin	57	28	21	8	49	26,333,386
Wyoming	11	2	9	0	18	3,032,115
<b>Total</b>	<b>3,011<sup>a</sup></b>	<b>1,413</b>	<b>1,247</b>	<b>351</b>	<b>47</b>	<b>\$1,333,662,486</b>

<sup>a</sup>Of the 3,011 applications that it received, HUD dropped 351 because they were incomplete, did not target the appropriate population, or were otherwise ineligible for funding.

# Comments From the Department of Housing and Urban Development

Note: GAO comments supplementing those in the report text appear at the end of this appendix.



OFFICE OF THE ASSISTANT SECRETARY FOR  
COMMUNITY PLANNING AND DEVELOPMENT

U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410-7000

JUL 22 1999

Ms. Judy England-Joseph  
Director, Housing and Community Development Issues  
U.S. Government Accounting Office  
Washington, D.C. 20548

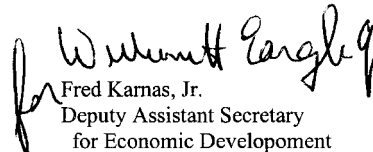
Dear Ms. England-Joseph:

Thank you for the opportunity to respond to the draft version of Homelessness: Grant Applicants' Characteristics and Views on the Importance of the Supportive Housing Program (GAO/RCED-99-239). As the report suggests, the Supportive Housing Program (SHP) is an integral element of the Department of Housing and Urban Development's (HUD) Continuum of Care approach to addressing homelessness.

SHP has been used as a tool in literally hundreds of communities to fill critical gaps in housing and services. While your report does not state this explicitly, it is clear that the ability of housing and service providers to develop a "package" application which includes a request for funding for both housing assistance and supportive services is a key reason why SHP is so popular. Without the ability to fund both key components of a program, providers would be forced to take their chances on being funded by two or more different funding streams and risk the chance that they are successful in obtaining the housing, but do not get the supportive services funding, or vice versa. In either case, the program cannot be implemented, or is severely hampered.

Attached you will find a few technical comments which we believe will improve the report. Please do not hesitate to contact me should you have any questions.

Very sincerely yours,

  
Fred Karnas, Jr.  
Deputy Assistant Secretary  
for Economic Development



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**Appendix III  
Comments From the Department of Housing  
and Urban Development**

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**Comments on GAO draft:  
“Homelessness: Grant Applicants’ Characteristics and Views on the  
Importance of the Supportive Housing Program”**

HUD is asking that the following be incorporated into the draft. These comments are arranged according to the page number of the GAO draft.

Page 3

See comment 1.

Since many projects submitted to HUD are not funded, the phrase “by awarded projects” should be inserted at the end of the 1<sup>st</sup> complete sentence on the page to read: “...and the average amount received *by awarded projects* was about \$440,000.”

Footnote 3 at the bottom of page 3 needs to be moved from the bottom of page 2.

Page 4

See comment 1.

At the top of the page, the numbered items seem to reference all the component programs associated with SHP (as Innovative projects is included). Thus “(1)” should reference the “supportive services only” component, and an additional reference is needed for the safe havens component, which is not mentioned.

The paragraph that discusses the steps of a Continuum of Care does not mention the role played by leveraging dollars. Add to this second paragraph: “(5) identify leveraging resources, including other federal, state, local, and private funds used to address homeless concerns in their locality.”

Page 5

See comment 2.

Since not all applicants are nonprofit organizations, the Title should begin with the word “SOME”: “*SOME* SHP APPLICANTS ARE NONPROFIT ORGANIZATIONS THAT SERVE A WIDE RANGE OF HOMELESS CLIENTS”

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**Appendix III**  
**Comments From the Department of Housing**  
**and Urban Development**

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Page 10

See comment 3.

The report indicates that “40 percent of SHP applicants (grantees) do not know the number of veterans they serve.” The Department is troubled by this finding, since the Annual Progress Report (APR) requires grantees to report on veterans. As the veteran section of the APR was not issued until mid-1996 to field offices and field offices were charged with providing the update to grantees, it may have been that many new 1997 grantees were not yet aware of the APR veteran reporting requirement. In a review of APRs recently received 70.0% reported on veteran status; this indicates while not all grantees are reporting on veteran status significantly more are than were found in your study. ~~10~~

Page 14

See comment 4.

The report seems to have missed a core reason behind the Congressional request, and that was to look at the role of *supportive services* and what impact the services are having on homeless persons. Specifically, why is HUD spending over half its homeless funds on services when grantees are not tapping other federal resources to get those services? The chart on page 14 identifies the services that are most used by grantees. Presumably, the reason applicants apply to HUD is that 1) they need service *and* housing funds, something most other Federal homeless-specific programs cannot provide and 2) other agency budgets are for homeless assistance programs are relatively small.

Page 15

See comment 1.

Since some projects proposed are not funded, the end of the last complete sentence under the chart should read “...and the average amount received by awarded projects was about \$440,000.”

Page 16

See comment 5.

The paragraph made a point that many of the 1997 awardees chose not to apply for funding in 1998. The discussion is very abbreviated and somewhat misleading. It indicates there were 4 reasons for not having applied. As the appendix indicates there were 9 reasons given though one—that the grantee did not apply in the next round of funding because they were busy implementing an SHP grant—represented 57% of all respondents. The next most frequent response given garnered only 17% of the responses. That so many respondents would choose not to apply in the next competition after having just received (typically multiple-year) funding should not be surprising. In short, it is unclear what point is trying to be made in this section.

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**Appendix III**  
**Comments From the Department of Housing**  
**and Urban Development**

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See comment 6.

Page 17

The report mentions several times that there is a low reliance on other federal sources because the applicants lack the resources or knowledge about other federal programs. However, the report shows that 74% of grantees applied for nonfederal sources of funds, including state or local. There is a misunderstanding about state/local funds because they are documented as state/local when many of these funds are federal pass-throughs (the survey even says to include money as “state money” when talking about federal pass through dollars). It would be interesting to know how many federal dollars are still available for homeless grantees to apply for if you exclude the federal pass through money from HHS, Labor, and FEMA,

It should be noted that HUD regularly endeavors to make grantees and recipients aware of the availability of other federal dollars via satellite trainings, links on the homeless assistance Web page, a list regularly compiled by the ICH, and the leveraging requirement in the CoC exhibit.

Few Technical Points:

1<sup>st</sup> complete paragraph – “This greater reliance on nonfederal sources is, in part, attributable to SHP applicants’ lack of knowledge about other federal programs that would fund programs and services for homeless people.”

Last paragraph – The sentence beginning “Because some federal programs, such...” should be changed to read “...private nonprofit organizations, which generally do not know what portion of the total that they received came from federal sources.”

The actual names of the groups identified on page 22 are most likely the National Alliance to End Homelessness, and the National Law Center on Homelessness and Poverty.

Now on pp. 18 and 24.  
See comment 7.

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The following are GAO's comments on the Department of Housing and Urban Development's letter dated July 22, 1999.

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## **GAO's Comments**

1. We revised the report to include the language suggested by HUD.
2. We revised the report to clarify that most SHP applicants are nonprofit organizations.
3. In response to HUD's comment, we reviewed our data on the percentage of SHP applicants that did not provide us with information on the number of homeless veterans they serve. We found that the draft report sent to HUD misstated this percentage. In fact, according to our data, almost 30 percent of SHP applicants could not provide us with this information. We revised the final report accordingly.
4. The objectives of our report were to provide information on (1) the characteristics of Supportive Housing Program applicants, (2) the types of programs and services for homeless people that this program supports, (3) the importance of Supportive Housing Program grants to applicants' programs for the homeless, and (4) the various funding sources, in addition to Supportive Housing Program grants, that applicants rely on for their programs and services for homeless people. Consequently, no changes were made in response to this comment.
5. We modified the report to better distinguish between the most frequently cited reason and the other reasons cited by SHP applicants for not applying for 1998 grants.
6. We made no change to the report in response to this comment because we believe the report adequately acknowledges that funds provided by state and local governments may include federal pass-through dollars. While we agree with HUD that it would be interesting to know how many federal dollars other than pass-through funds are available to SHP grantees, this information would be difficult to determine because, as we noted in the report, organizations generally do not know what portion of their state and local government funding originally comes from federal sources.
7. We revised the report, as appropriate, to incorporate the changes suggested by HUD.

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